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National Intelligence Bulletin

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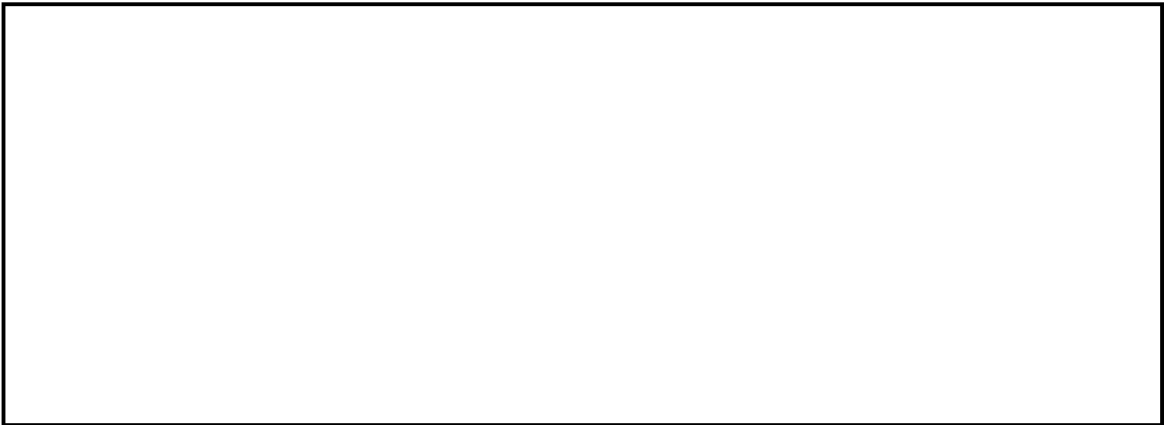
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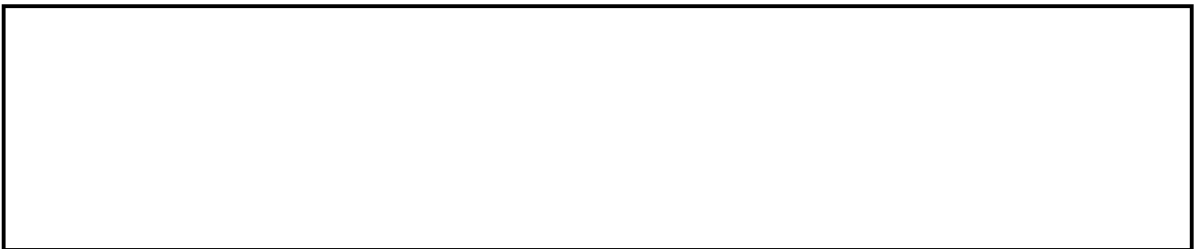
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PORTUGAL

Dissension may be developing within the armed forces over the gradual drift to the left of the Portuguese government. [redacted] a petition now being circulated in support of the former president has been signed by over 800 officers.

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A similar petition surfaced in late August. It was supposed to back Spinola's position and gather support for the disbandment of the Armed Forces Movement Coordinating Committee. Spinola received the backing of a majority of the officers, but the Coordinating Committee has continued to operate. In fact, recent events have increased its influence.

Council of State legislation early this week made the Coordinating Committee part of the armed forces General Staff. The Movement will now be in a better position to override President Costa Gomes, who is chief of staff of the armed forces, on military policy. This, along with Prime Minister Goncalves' take-over of the Defense Ministry, puts the left-leaning Movement in a strong position to control the military as well.

A further polarization between regular officers and Armed Forces Movement members is likely over the choice of a replacement for the former army chief of staff, who was one of the four junta members ousted last weekend. The regular officers, though they agree with the basic aims of the Movement's program, resent the promotions Movement members have had since the coup, as well as the increased politicization of the military.

The regular officers have not recovered from the shock of Spinola's resignation and do not appear to have the organization necessary to challenge the Movement seriously. If they do not move soon, the Movement's control may become incontestable. [redacted]

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ETHIOPIA

Troops supporting different military factions are moving into Addis Ababa, adding to tensions as the complex struggle for power within the military continues.

The ruling military committee held meetings Thursday and yesterday in an effort to avert a clash among its various contending factions. While it was meeting, additional troops of the 1st Division moved into the capital. Such measures of military preparedness by the 1st Division may be a show of force aimed at influencing the committee's decisions.

The 1st Division used to have primary responsibility for protecting the royal family. It only belatedly joined the military committee and agreed to deposing the emperor. Some members of the division want to restructure the 120-man committee into a less cumbersome body.

In a showdown, 1st Division forces would be far superior to those of the 4th Division, the other unit assigned to the capital. The movement of other units into Addis Ababa may represent an effort by those opposed to the 1st Division to balance the forces.

In addition to its serious factional disputes, the military must cope with unruly radical students who are agitating against a proposal that calls for them to perform two years of national service in the countryside.

The military held a meeting with students on Thursday to conciliate differences, but the affair ended in violence. In the next few days, the students are likely to hold demonstrations calling for immediate civilian government, adding to tensions in the capital.

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VIETNAM

Hanoi has not yet begun its seasonal infiltration of troops to South Vietnam's southern battlefronts, but the flow of manpower through the pipeline could increase soon.

Hanoi stopped sending troops to the central highlands and the southern half of the country last spring. During the summer months, the North Vietnamese maintained a flow of men to the north-central coast of South Vietnam, where the Communists were conducting widespread attacks.

In September, Hanoi began moving troops to units along the infiltration network, suggesting that they were getting the system ready for heavier supply and troop movements. Hanoi generally begins its infiltration and supply movements to southern South Vietnam during October or November. The North Vietnamese have significantly improved their capability for moving troops south over the past year or so, and can now get them to the provinces around Saigon in as little as three weeks.

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THAILAND

The Thai National Assembly today approved by an overwhelming majority the draft constitution that has been in the works for close to a year. It represents the country's first step toward establishing a constitutional government since the Thanom military regime fell last year.

The draft now goes to the King, who is expected to promulgate it on October 8, a date set aside as a particularly auspicious day for such an event.

Bangkok was peaceful during the vote, despite threats of demonstrations by student militants who are unhappy with several provisions of the constitution. The constitution probably will continue to be a target of student activists. They want, among other things, to lower the voting age from 20 to 18.

The stage is now set for the general election, scheduled to take place on February 1, 1975. It will be Thailand's first election in five years, and the first since 1946 to determine a new government. [REDACTED]

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PHILIPPINES

Manila is trying to show some sign of continuing movement toward normalization of relations with China and the USSR. After a meeting with foreign policy advisers yesterday, President Marcos said relations with Peking and Moscow would be normalized "as soon as possible."

A Philippine mission will go to Peking later this month. Although the delegation is specifically charged with working out details of trade arrangements made during Mrs. Marcos' visit last week, President Marcos says it is empowered to negotiate on "any other matter." The new round of activity is a consequence of the Philippine first lady's visit, but Manila will continue to avoid any impression of being stampeded, and the opening of relations could still take some time.

Marcos reiterated his intention of opening ties with the Chinese and Soviets simultaneously. He did not indicate that there would be comparable talks with Moscow, although the Soviets would certainly be receptive. Moscow's interest in ties with the Philippines was underscored by the attention given a recent visit of Philippine industrialists and businessmen.

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FRANCE-USSR

Paris wants to conclude an export credit deal with the USSR before continuing discussions on the proposed gentleman's agreement among the EC, Japan, and the US on export credits. The French government has refused to accept the 8-percent minimum interest rate agreed to by the other eight EC members, unless there are some EC concessions for the Soviets.

In negotiations beginning Monday, Paris will offer the Soviets approximately \$1 billion in long-term credits at 7.3 to 7.7 percent--depending on the size of individual loans--to cover Soviet purchases during 1975-1976. France is prepared to increase the amount if the Soviets will accept the higher rate for all purchases. To encourage a quick settlement, the French will point out that rates will likely be higher once the gentleman's agreement is reached.

Citing potential major purchases, the Soviets will push for terms closer to the 1970-1974 Franco-Soviet credit agreement, which provided for over \$1 billion in long-term credits at 6 to 6.25 percent. The USSR opposes a coordinated Western export credit policy. If Moscow succeeds in obtaining a low rate from the French, it is sure to use this as the standard for credit talks with other Western trading partners.

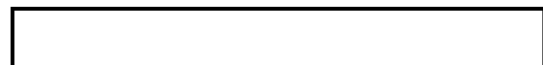
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